

Appendix 8.1 to By-Law 8 – Union Policy, Union Resolutions and Union Regulations

GUIDELINES TO PRODUCING A REALISTIC FINANCIAL PLAN

1. Introduction

Any motion submitted to a democratic body involving revenue, expenditure or that could be demonstrated to have any negative financial implication for the Students' Union should contain a realistic financial plan before being put to a vote; the Trustees have the power to override any decision or Policy made by the Members at an All Student Meeting, or by ordinary resolution in Company Law meeting, or by the Student Council, as codified in the Memorandum and Articles of Association, if there is not a realistic financial plan.

The following is intended to explain what a realistic financial plan is and is designed to help:

- Those writing the policy
- The democratic body in deciding whether to accept a motion for consideration, i.e. Steering Group
- The Board of Trustees with their mandate to 'ensure the long term financial stability of Warwick SU'

A distinction is made between both non-commercial income and expenditure and commercial income and expenditure.

2. Budgets

Union budgets are prepared during the second term and reviewed over the Easter vacation. Financial budgets are submitted to the Board of Trustees in Term 3 for approval.

Budgets provide the financial base for the Union for the next 12 months and it is extremely difficult to make changes once they have been set. Changes to budgets are examined very carefully as the Union operates on a break-even basis, even a small overspend can cause the Union to made a loss for the year. It is a lot easier to build expenditure into a budget than to change budget mid-year. You can consider any changes being phased over a number of terms or years.

3. Non-Commercial Expenditure

Each Constituent Group is allocated a budget for the year, the Chair should be able to quote the current balance of that budget and any allocated expenses for the year to date. Student Council or All Student Meetings may instruct expenditure of Constituent Group budgets, other representation budgets, money from the Societies Federation expenditure accounts or monies from the Project Fund. The Student Council Project Fund is set to provide additional funds for Union activities through a bidding process. These funds will be operated as designated funds.

Policies resulting in expenditure exceeding the total of the Representation Budgets and Societies Federation Budgets in any given year, except for capital projects, are not normally feasible and would require a massive restructuring of budgets.

4. Non-Commercial Income

Warwick Sport and Societies Federation raise their own income through membership fees. The Societies Federation fee is set by Societies Committee, in consultation with interested parties.

Student Council and All Student Meetings may override the decisions of Societies Committee, if they so wish. However, the annual allocation to the Societies Federation from the Union is set in the budget. This means that a lower Federation fee will result in lower expenditure but the Federation, will not receive an increased allocation from the Union.

Warwick Sport has a Board which decides on budgets, this can't be overturned by Student Council or All Student Meetings though there is a significant student representation on the Board. If a student wished to amend the Warwick Sport fee, they would need to put pressure on Warwick Sport or propose a policy for the Union to put pressure on Warwick Sport to lower its membership fee.

5. Commercial Income and Expenditure

Proposals that affect the Union's commercial operations are more complicated, it is important all factors, including financial stability, are taken into account. If you are thinking about writing a policy that will affect the Union's commercial operations you should consult with the relevant Sabbatical Officer, who, along with staff members will assist you in producing a workable policy to be put to the vote.

It must be remembered that the Union operates to breakeven. Any surplus made on the commercial areas goes towards funding the non-commercial operations. This means that any action that decreases the amount of surplus that the commercial operations make is not cost-free – it directly reduces our ability to fund our non-commercial operations.

Policy proposed to change commercial operations must include detailed estimates of changes to:

1. **Income** – i.e. how will the money coming in be affected?
 - **Price** – what will the price be changed to?
 - **Volume** – will the volume increase or decrease in response to the change?
 - **Quality of Service** – will the produce be of a lower quality than currently offered?
 - **Perception** – how will our customers perceive the change?
Will the changes be in keeping with the style of the varied outlets that the Union operates?
2. **Expenses** – i.e. how will the cost of providing the service change?
3. **Staffing** – i.e. will additional staffing resources/training/management be required?
How much will this cost? Will less resources be needed? If so there will be legal implications for this.
4. **Bottom Line and Change from Budget**
The estimated changes income, expenses and staffing costs need to be added to the 'bottom line'. It needs to be clear how these figures are different from budget.

In order to be able to estimate any of these things accurately, it is highly advisable that you speak to and work with the relevant Sabbatical Officer. They are there to facilitate the process and therefore will not be obstructive.

6. The Outcome

If the above process is followed fully, it should produce a final figure that is the combined cost of the submitted policy. This will fully inform the decision that Student Council or All Student Meeting is taking. The cost is important, since any money spent in one area is not available is not available to spend in another. Similarly, any money that the commercial operations are prevented from making is not available to support the non-commercial operations.

7. Contracts

Student Council and All Student Meetings cannot resolve or mandate the Union to break any legal agreements or contracts. However, Student Council or All Student Meetings can resolve that current contracts should not be renewed once they expire.